FINANCIAL MANAGEMENT ADVISORY COMMITTEE MINUTES
May 7, 2008

The Financial Management Advisory Committee met on May 7, 2008. The following were in attendance:

NAME	DEPARTMENT/DIVISION
Lynn Cannon	OA -Accounting
Debbie Davis	DIFP – Credit Unions
Janelle Jaegers	MDHE
Dana Kliethermes	MDA
Kathy Wehmeyer	DOLIR
Kemp Shoun	MSHP
Brent Miller	MSHP
Chris Laughlin	MSHP
Sherry Rowden	PR
Vandee DeVore	OA - Accounting
Jennifer Hall	OA -Accounting
Shirley Gerling	DIFP- Insurance
Arlene Boessen	Attorney General's Office
Robin Burkhart	DESE
Andrea Beck	DESE
Theresa McDonald	DSS
Arlan Holmes	OA – ITSD
Carol Newgaard	SAO
Kim Sandbothe	DIFP – Finance
Stacy Neal	OA – Accounting
Julie Miller	MVE
Valerie Heet	SOS
Sharon Fischer	SOS
Ken Bonnot	Credit Union
Diane Riddle	MO Gaming Commission
Dan Redel	PSC
Leigh Ann Wilbers	MDC
Lenard Lenger	MDOC
Mike Clark	DMH
Brian Dowden	OSCA
Michelle Mealy	Lottery
Carol Willhite	DPS
Rhonda Fogelbach	DPS-DO
Dawn Korsmeyer	Supreme Court
Denise Lehmen	DOR
Michele Nix	MOSERS
Michelle Knowles	DESE – VR
Sarah Clardy	DESE – VR
Shaun McCauley	OA – Accounting

Nancy Loethen	FMDC
Virginia Blanchard	OA-FMDC
Stacey Jacobs	STC
Dave Witte	FMDC
Jayne Masek	DOC
Marty Drewel	OA
Judy Gehrke	DED
LaVerne Brondel	DNR
Mike Hancock	OSCA
Tom Veasman	MODOT
Alan Clements	MDA
Michael Longanecker	OA-FMDC
Renee Godsey	DHSS

Presentation:
Lynn Cannon, Division of Accounting, presented a summary of the items found during their review of state expenditures. The Expenditure Review Unit examined P-card purchases, data from the Missouri Accountability Portal, and state employee expense reimbursements. She thanked the agencies for their assistance in providing the backup documentation for these reviews. Attached to the minutes are the written findings of their review.

P-card purchases were reviewed for compliance with P-card policies and procedures, state statutes (RSMo Chapter 33 and 34), and Internal Revenue Service (IRS) regulations. The Division of Accounting recommends departments implement the P-card interface to assist in the reconciliation of the monthly statement. This interface also provides a better link between the Visa Information Management System and SAM II Financial System. Lynn reminded departments that they should be conducting an annual review of their P-cards to determine if the card limits are appropriate.

The expenditures on the Missouri Accountability Portal (MAP) were reviewed. The biggest area of concern was miscoded payments. The MAP expenditures are not adjusted for journal vouchers that have been processed in SAM II. The Division of Accounting is working on a process to include these journal vouchers on the MAP to more accurately reflect the actual expenditures. Agencies should strive to use the correct coding initially on payment documents to minimize the need for journal vouchers. Also, there are instances where multiple state agencies are using the same vendor for similar goods and services. In these instances, the state should look at developing a statewide contract.

Several state employee expense reimbursements are still being paid by check as opposed to direct deposit. Lynn Cannon stated that State Policy 14 (Direct Deposit) requires employee expense reimbursements to be processed by direct deposit. A request for an exception must be made in writing from the agency director to the Director of Accounting. The Director of Accounting will review the request and recommend to the Commissioner of Administration whether or not to grant the exception. Another concern noted is when an agency pays an invoice for non-employee services provided by a state employee. In these cases a VG (General Vendor) code should be used. A SE (state employee) vendor code should only be used for employee expense account reimbursements. Finally, it was noted the state pays a high amount for mileage reimbursements to employees. The state could reduce the amount it paid by choosing more cost-effective travel options or car-pooling when possible. State Policy 12 (State Vehicular Travel Policy) requires agencies to utilize the Trip Optimizer or other equivalent method to calculate travel costs and ensure employees use the most cost effective travel option for each trip. If an agency has an alternative method to the Trip Optimizer this should be documented on the expense report. The Office of Administration is looking at implementing an alternative to the Trip Optimizer for trips when the state vehicle utilization rate is deemed low. In these cases, mileage reimbursement would be allowable without utilizing the Trip Optimizer. Currently this break-even point is a one-day trip less than 83 miles. Lynn reminded agencies to follow the travel rules that are currently in effect and not to be using the proposed travel policy.

It was clarified that State Policy 14 (Direct Deposit) includes the payroll direct deposit and that the Commissioner of the Office of Administration must grant any exception.

Status Reports:

Office of Administration, Division of Accounting

Stacy Neal discussed the latest draft of the travel policy. She wanted to clarify the difference between should and must. "Should" is not mandatory. It is a best practice and the recommended process to use but is not required. "Must" is mandatory and must be followed. The travel policy is the highest level of reimbursement allowed. Agencies may implement a stricter travel policy.

Clarification was requesting regarding the meal times when no overnight lodging is indicated. Stacy stated the intent was to provide standard times for meals but that the employee must be in 12-hour travel status to be eligible for meal reimbursements when no overnight lodging is indicated.

Clarification was requested regarding the statement that when your official domicile and residence are different, the travel status begins and ends based on whichever is less. Stacy stated the intent was the same as current policy in that the state will not pay for the employee's commute between their home and official domicile. She was going to see if there was a way to clarify the language.

Clarification was requested regarding the liability of travel in a privately owned aircraft. Stacy stated the travel in a privately owned aircraft was not eligible for reimbursement and that the state would not be liable in the event of an accident. She stated the owner of the aircraft would be liable and is responsible for carrying insurance on the aircraft.

Clarification was requested on what was meant by the statement agencies may provide lodging data through the Travel Portal or by other means arranged with the Division of

Accounting. Stacy stated agencies may data enter the information using the Travel Portal or may provide the information in a spreadsheet that can be loaded into the database.

Stacy stated the meal per diem had not yet been determined. They are discussing the pros and cons of the CONUS rate by city vs. a flat in-state and out-of-state rate.

It was suggested additional guidance be provided regarding tips and incidental expenses. It should be clarified what is and is not covered.

Stacy stated that the policy would be effective July 1, 2008. She was not sure when the policy would be finalized.

Office of Administration, Division of Budget and Planning
Marty Drewel presented a revenue update. Attached is a graph presented to the committee. Marty stated net revenue growth rate had been consistently around 5% until the end of April. The growth rate is now at 1%. The revenue estimate predicted a gradual decline but the decrease has been more severe than anticipated. Marty stated there could be several reasons why this has occurred. The decline could be related to legislation passed last year, the tax filing extension granted to flood victims, lower capital gains, or something else that was not accounted for. By the end of May, they will have a better idea of shortfall since the flood victims have until May 19 to file their taxes. A 2-2½ growth rate will result in about a $100 million shortfall for FY 2008 and $175 million shortfall for FY 2009. Marty stated there was a large carryover balance from FY 2007 to cover the FY 2008 shortfall but that will result in less carryover available to help balance the FY 2009 budget. He also stated the federal tax stimulus bill had a provision for corporations to claim accelerated depreciation on equipment. This will have an additional $50-$100 million impact on the FY 2009 budget. Marty stated the Governor's Office has told the Department Directors to watch their expenditures. B&P will be limiting release of reserves and flexibility requests to only those cases where it is absolutely necessary. B&P wants as much lapse as possible. Marty stated there will be fewer exceptions to the 3% Governor's reserve for the FY 2009 budget.

Other
Renee Godsey reported that effective July 1st Jayne Masek with the Department of Corrections is the new chair for FMAC. Diane Riddle with the Missouri Gaming Commission is the chair-elect.

Next Meeting:
July 2, 2008
8:30 a.m. – 10:00 a.m.
Room 500 Harry S Truman Office Building